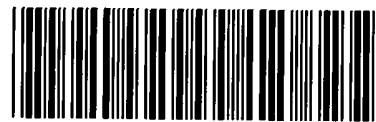


**UNITED CAST BAR (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2016**

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<b>UNITED CAST BAR (UK) LIMITED</b>
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**COMPANY INFORMATION**

<b>Directors</b>	Mr Y M J M Mohsen Mr P R Moore Mr J Brand Mr A Rottach Mr A M Rodger (resigned 8 January 2016) Mr J P Cripps Mr M Penman (appointed 9 February 2016)
<b>Registered number</b>	00050918
<b>Registered office</b>	Spital Lane Chesterfield Derbyshire S41 0EX
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants and Registered Auditor The Colmore Building 20 Colmore Circus Birmingham B4 6AT

<b>UNITED CAST BAR (UK) LIMITED</b>
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**CONTENTS**

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditor's report</b>	5 - 6
<b>Statement of comprehensive income</b>	7
<b>Balance sheet</b>	8
<b>Statement of changes in equity</b>	9
<b>Notes to the financial statements</b>	10 - 26

# UNITED CAST BAR (UK) LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2016

### Introduction

The Company (United Cast Bar (UK) Limited) is a wholly-owned subsidiary of BI Group Plc ("BI Group") and operates as part of United Cast Bar Group of companies, the metals division of BI Group.

### Business review and future developments

The Company's principal activities are the manufacture and distribution of continuous cast iron bar to the hydraulics and automotive industries primarily in the United Kingdom, Europe, United States of America and Asia. It also acts as a holding company for subsidiaries which are cast iron bar stockholders and distributors. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year.

The metals division, of which the Company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as a part of the division, in the medium to long-term future. This research and development activity has resulted in a number of updates to existing products.

As shown in the Company's statement of comprehensive income, the Company's turnover has decreased by 15.3% over the previous year. This decrease was due mainly to sales price reductions as a result of both lower raw material prices and adverse exchange rate conditions during the year. A loss before tax of £506k has been achieved compared to a loss of £298k in the previous year.

The balance sheet of the financial statements shows the Company's financial position at the year end.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

United Cast Bar Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

**UNITED CAST BAR (UK) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**Principal risks and uncertainties**

Competitive pressure in Europe and from China is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries to maintain strong relationships with customers.

The Company sells products into international markets and it is therefore exposed to currency movements on such sales. Where appropriate, the Company manages this risk with forward foreign exchange contracts in line with BI Group's treasury policies.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Company is a member of BI Group's multi-employer UK defined benefit pension plan, which is currently in deficit. The funding level of this pension plan is subject to change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including changes in discount rates and increasing longevity of plan members, as well as changes in the market value of plan investments. The UK pension plan ceased to accrue future benefits to members with effect from 31 March 2004 and deficit-reduction contributions are being made under the terms of a repayment schedule agreed with the plan Trustee. Currently such contributions are met by BI Group plc on behalf of the Company. Significant changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results.

The Group risks to which the Company is exposed are discussed in the Annual Report of the ultimate parent company, National Industries Group Holding - KPSC, which does not form part of this Report.

**Financial key performance indicators**

The directors consider gross margin and revenue growth to be the principal key performance indicators for the business.

This report was approved by the board on 28 February 2017 and signed on its behalf.



**Mr M Penman**  
Director

## UNITED CAST BAR (UK) LIMITED

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2016**

The directors present their report and the financial statements for the year ended 30 November 2016.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £506,232 (2015 - loss £298,890).

#### **Directors**

The directors who served during the year were:

Mr Y M J M Mohsen  
Mr P R Moore  
Mr J Brand  
Mr A Rottach  
Mr A M Rodger (resigned 8 January 2016)  
Mr J P Cripps  
Mr M Penman (appointed 9 February 2016)

#### **Environmental matters**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

#### **Employee involvement**

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

**UNITED CAST BAR (UK) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, Grant Thornton UK LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 28 February 2013.

This report was approved by the board on 28 February 2017 and signed on its behalf.



Mr M Penman  
Director

## UNITED CAST BAR (UK) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED CAST BAR (UK) LIMITED

We have audited the financial statements of United Cast Bar (UK) Limited for the year ended 30 November 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**UNITED CAST BAR (UK) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED CAST BAR (UK) LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kathryn Godfree (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants

Birmingham

28 February 2017

**UNITED CAST BAR (UK) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	19,673,959	23,224,626
Cost of sales		(16,969,010)	(21,060,962)
<b>Gross profit</b>		<b>2,704,949</b>	<b>2,163,664</b>
Distribution costs		(1,819,472)	(1,900,291)
Administrative expenses		(813,285)	(782,726)
Exceptional administrative expenses	5	(135,025)	(36,344)
Other operating income	6	-	294,378
<b>Operating loss</b>	7	<b>(62,833)</b>	<b>(261,319)</b>
Interest payable and expenses	10	(97,265)	(37,571)
Other financial items	11	(346,134)	-
<b>Loss before tax</b>		<b>(506,232)</b>	<b>(298,890)</b>
<b>Loss and total comprehensive income for the year</b>		<b>(506,232)</b>	<b>(298,890)</b>

There was no other comprehensive income for 2016 (2015:£NIL).

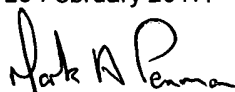
The notes on pages 10 to 26 form part of these financial statements.

**UNITED CAST BAR (UK) LIMITED**  
**REGISTERED NUMBER: 00050918**

**BALANCE SHEET**  
**AS AT 30 NOVEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	13	380,713	435,877
Tangible assets	14	3,347,961	3,695,655
Investments	15	5,862,387	5,862,387
		<u>9,591,061</u>	<u>9,993,919</u>
<b>Current assets</b>			
Stocks	16	5,910,805	5,779,788
Debtors: amounts falling due after more than one year	17	6,283,227	5,160,000
Debtors: amounts falling due within one year	17	4,745,929	4,190,268
Cash at bank and in hand	18	310,092	224,562
		<u>17,250,053</u>	<u>15,354,618</u>
Creditors: amounts falling due within one year	19	(6,247,504)	(6,393,551)
<b>Net current assets</b>		<u>11,002,549</u>	<u>8,961,067</u>
<b>Total assets less current liabilities</b>		<u>20,593,610</u>	<u>18,954,986</u>
Creditors: amounts falling due after more than one year	20	(3,306,927)	(1,162,071)
<b>Net assets</b>		<u><u>17,286,683</u></u>	<u><u>17,792,915</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	8,000,000	8,000,000
Profit and loss account	23	9,286,683	9,792,915
		<u><u>17,286,683</u></u>	<u><u>17,792,915</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2017.



**Mr M Penman**

Director

The notes on pages 10 to 26 form part of these financial statements.

**UNITED CAST BAR (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 December 2015	8,000,000	9,792,915	17,792,915
Loss for the year	-	(506,232)	(506,232)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(506,232)</b>	<b>(506,232)</b>
<b>At 30 November 2016</b>	<b>8,000,000</b>	<b>9,286,683</b>	<b>17,286,683</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2015**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 December 2014	8,000,000	10,091,805	18,091,805
Loss for the year	-	(298,890)	(298,890)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(298,890)</b>	<b>(298,890)</b>
<b>At 30 November 2015</b>	<b>8,000,000</b>	<b>9,792,915</b>	<b>17,792,915</b>

The notes on pages 10 to 26 form part of these financial statements.

## UNITED CAST BAR (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016

#### 1. General information

United Cast Bar (UK) Limited is a limited liability company incorporated in England.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

*The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.*

Information on the impact of first-time adoption of FRS 101 is given in note 29.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

<b>UNITED CAST BAR (UK) LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**2. Accounting policies (continued)**

**2.3 Going concern**

The Company is part of a group banking arrangement with its fellow UK trading subsidiaries ("the UK Group") and each company in the UK Group has provided an undertaking that they will continue to make available such funds as are needed by other companies in the UK Group and, in particular, will not seek repayment of any amounts currently owed by a company in the UK Group until such time that company is in a position to make payment.

Based on this undertaking, the directors have prepared cash flow forecasts which indicate the UK Group should continue to have sufficient resources available to it to enable each company to continue in operational existence by meeting its day to day liabilities as they fall due for payment for a period of at least 12 months from the date of approval of these accounts.

In light of the foregoing, the directors continue to believe that it remains appropriate to prepare the financial statements on a going concern basis.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight line basis over its estimated useful life.

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## UNITED CAST BAR (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016

#### 2. Accounting policies (continued)

##### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases.

The estimated useful lives range as follows:

Plant and machinery	- From 5 to 15 years
---------------------	----------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

###### Financial assets

The Company classifies all of its financial assets as loans and receivables.

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**2. Accounting policies (continued)**

**2.11 Financial instruments (continued)**

are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

*Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.*

**Financial liabilities**

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

**Fair value through profit or loss**

The Company comprises only out-of-the-money derivatives. They are carried in the Balance sheet at fair value recognised in the Statement of comprehensive income.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

**2.12 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



## UNITED CAST BAR (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016

#### 2. Accounting policies (continued)

##### 2.13 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

##### 2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

##### 2.16 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

###### Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

##### 2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**2. Accounting policies (continued)**

**2.18 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.19 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

When preparing the financial statements, management make a number of judgements, estimates and assumptions about the recognition of assets, liabilities, income and expenses.

**Significant management judgements**

The directors do not consider that there are any significant management judgements required in applying the accounting policies of the Company.

**Estimation Uncertainty**

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected lives of the assets.

**Useful lives of intangible assets**

Management reviews its estimate of the useful lives of intangible assets at each reporting date based on the expected lives of the assets.

**Stock**

Management estimate the net realisable value of stocks, taking into account the evidence available at each reporting date.

**Debtor recoverability**

Management periodically review debtors to assess whether a provision for impairment should be recorded. In particular judgement by management is required in the estimation of the amount and timing of the future cashflows when determining the level of provision required.

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**4. Turnover**

The whole of the turnover is attributable to the one principal activity of the Company.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	3,038,640	3,481,519
Rest of Europe	14,267,146	18,049,236
Rest of the World	2,368,173	1,693,871
	<u>19,673,959</u>	<u>23,224,626</u>

**5. Exceptional administrative expenses**

	2016 £	2015 £
Restructuring costs	135,025	36,344
	<u>135,025</u>	<u>36,344</u>

**6. Other operating income**

	2016 £	2015 £
Sundry income	-	294,378
	<u>-</u>	<u>294,378</u>

**7. Operating loss**

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	653,798	674,994
Amortisation of intangible assets	55,164	55,164
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	19,500	19,500
	<u>728,462</u>	<u>749,658</u>

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,995,924	4,311,755
Social security costs	379,585	390,073
Cost of defined contribution scheme	135,570	150,695
	<u>4,511,079</u>	<u>4,852,523</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Production staff	87	92
Administrative staff	23	23
	<u>110</u>	<u>115</u>

**9. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	528,798	463,510
Company contributions to defined contribution pension schemes	-	5,894
	<u>528,798</u>	<u>469,404</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £195,241 (2015 - £170,000).

**10. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	15,343	26,998
Other loan interest payable	76,716	10,573
interest payable on loans from group undertakings	5,206	-
	<u>97,265</u>	<u>37,571</u>

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**11. Other financial items**

	2016 £	2015 £
Loss on forward foreign currency contracts	346,134	-

**12. Taxation**

	2016 £	2015 £
<b>Total current tax</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.33%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(506,233)	(298,890)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.33%)	(101,247)	(60,765)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	345	(59,036)
Unrelieved tax losses carried forward	73,174	-
Other differences leading to an increase in the tax charge	27,728	119,801
<b>Total tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

The main rate of corporation tax will reduce to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax has been measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date.

There is a potential deferred tax liability in respect of timing differences of approximately £113,575 (2015: £24,241). However the Company is part of a group which has sufficient tax losses available to provide group relief against any taxable income over the foreseeable future in this Company, and specifically for the next 12 months, and therefore no provision has been made in these accounts.

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**13. Intangible assets**

	<b>Customer relationships 2016 £</b>
<b>Cost</b>	
At 1 December 2015	1,103,294
<b>At 30 November 2016</b>	<u>1,103,294</u>
<b>Amortisation</b>	
At 1 December 2015	667,417
Charge for the year	55,164
<b>At 30 November 2016</b>	<u>722,581</u>
<b>Net book value</b>	
<b>At 30 November 2016</b>	<u><u>380,713</u></u>
At 30 November 2015	<u><u>435,877</u></u>

**14. Tangible fixed assets**

	<b>Plant and machinery £</b>
<b>Cost or valuation</b>	
At 1 December 2015	15,111,557
Additions	306,104
<b>At 30 November 2016</b>	<u>15,417,661</u>
<b>Depreciation</b>	
At 1 December 2015	11,415,902
Charge for the period on owned assets	653,798
<b>At 30 November 2016</b>	<u>12,069,700</u>
<b>Net book value</b>	
<b>At 30 November 2016</b>	<u><u>3,347,961</u></u>
At 30 November 2015	<u><u>3,695,655</u></u>

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**15. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 December 2015	6,036,137
At 30 November 2016	<u>6,036,137</u>
<b>Impairment</b>	
At 1 December 2015	173,750
At 30 November 2016	<u>173,750</u>
<b>Net book value</b>	
At 30 November 2016	<u><u>5,862,387</u></u>
At 30 November 2015	<u><u>5,862,387</u></u>

**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
UCB Germany GmbH	Germany	Ordinary	100 %	Distribution
UCB Sweden AB	Sweden	Ordinary	100 %	Distribution
UCB France SA	France	Ordinary	100 %	Distribution
UCB Metalli srl	Italy	Ordinary	100 %	Distribution
UCB Austria GmbH	Austria	Ordinary	100 %	Distribution
Technometal sro	Czech Republic	Ordinary	100 %	Distribution
United Cast Bar Korea Limited	South Korea	Ordinary	75 %	Distribution

**Indirect Subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Wilhelm Schulenburg Nachf.GmbH & Co. KG	Germany	Ordinary	66.66 %	Distribution Holding
Fiedler & Co	Germany	Ordinary	66.66 %	company



<b>UNITED CAST BAR (UK) LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**15. Fixed asset investments (continued)**

The aggregate of the share capital and reserves as at 30 November 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
UCB Germany GmbH	2,405,000	(461,000)
UCB Sweden AB	1,135,000	1,000
UCB France SA	1,576,000	18,000
UCB Metalli srl	1,374,000	40,000
UCB Austria GmbH	750,000	5,000
Technometal sro	1,395,000	66,000
United Cast Bar Korea Limited	775,000	153,000
Wilhelm Schulenburg Nachf.GmbH & Co. KG	1,081,000	726,000
Fiedler & Co	57,000	-
	10,548,000	548,000

**16. Stocks**

	2016 £	2015 £
Raw materials and consumables	456,476	484,103
Finished goods and goods for resale	5,454,329	5,295,685
	5,910,805	5,779,788

In 2016, a total of £15,919,000 (2015 £19,790,000) of stocks were included in profit or loss as an expense. This includes an amount of £nil (2015 £9,000) resulting from a write down of stocks.

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**17. Debtors**

	2016 £	2015 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	6,283,227	5,160,000

Amounts owed by group undertakings are on terms agreed amongst the parties.

	2016 £	2015 £
<b>Due within one year</b>		
Trade debtors	1,525,200	1,643,447
Amounts owed by group undertakings	2,893,791	2,164,403
Other debtors	139,228	172,369
Prepayments and accrued income	187,710	210,049
	<u>4,745,929</u>	<u>4,190,268</u>

Amounts owed by group undertakings are trading balances that do not bear interest and are repayable on normal commercial terms.

**18. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	310,092	224,562

**19. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	3,044,239	3,740,684
Amounts owed to group undertakings	2,322,936	2,183,090
Taxation and social security	133,701	124,497
Other creditors	424,416	17,296
Accruals and deferred income	322,212	327,984
	<u>6,247,504</u>	<u>6,393,551</u>

Other creditors includes £346,134 (2015: £nil) in respect of the fair value of forward currency contracts.

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**20. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Amounts owed to group undertakings	<u>3,306,927</u>	<u>1,162,071</u>

The £381,017 (2015: £331,000) owed to UCB Sweden AB attracts interest at 3.95%.  
The £2,925,910 (2015: £831,071) owed to UCB Cast Profil SA attracts interest at 3.0%.

**21. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>11,151,538</u>	<u>9,364,781</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(9,074,596)	(7,431,125)
Financial liabilities measured at FTVPL	(346,134)	-
	<u><u>(9,420,730)</u></u>	<u><u>(7,431,125)</u></u>

**22. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Authorised</b>		
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Allotted, called up and fully paid</b>		
8,000,000 Ordinary shares of £1 each	<u>8,000,000</u>	<u>8,000,000</u>

**23. Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**24. Contingent liabilities**

The Company is party to the UK Group's cross guarantee banking arrangements in respect of the UK Group's £1.5m overdraft facility (2015 : £1.5m) which was £Nil (2015: £Nil) at the balance sheet date.

**25. Pension commitments**

The Company is a member of a funded defined benefit pension scheme operated by the immediate parent undertaking, BI Group Plc. From 1 January 2006 a Stakeholder Pension Plan has been put in place.

**BI Group Pension Scheme**

The Company operates a defined benefit group pension scheme, the BI Group Pension Scheme which is administered by a Trustee. With effect from 31 March 2004 further benefits ceased to accrue to the members of the scheme.

The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, consequently as permitted by FRS101, the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. The scheme has a deficit of £6.642m and a funding plan has been agreed by the Company's directors and the scheme's Trustee.

The pension costs relating to this scheme are assessed in accordance with the advice of an independent qualified actuary using the actuarial method. The latest formal actuarial review of the scheme was at 31 March 2012. The main actuarial assumptions assumed normal market rates of investment returns per annum and a pensionable salary increase assessed at prudent levels. Allowance was made for withdrawals of members before normal retirement age and death in service.

The valuation carried out as at 31 March 2012 was updated for FRS101 purposes to 30 November 2016 by a qualified independent actuary and showed a deficit of £6,642m.

At 30 November 2015 the aggregate actuarial value of the scheme's assets was £37,429m. The level of asset cover for liabilities was 84% with respect to section A, the largest section of the scheme, 85% with respect of section B and 101% with respect of section C.

The Company's contribution for the year in respect of the defined benefit scheme was £Nil (2015 : £Nil). BI Group plc is making contributions to the scheme on behalf of all member companies.

**Stakeholder Pension Plan**

From 1 January 2006 the Company contributes to employee stakeholder pension plans. The pension cost represents contributions payable by the Company to the fund and amounted to £143,596 (2015 : £150,695). There was £50,586 (2015 : £11,581) outstanding at the balance sheet date.

**UNITED CAST BAR (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**26. Commitments under operating leases**

At 30 November 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	340,928	342,122
Later than 1 year and not later than 5 years	1,337,592	1,362,805
Later than 5 years	1,561,079	1,876,794
	<u>3,239,599</u>	<u>3,581,721</u>

**27. Related party transactions**

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

**28. Controlling party**

The Company is a subsidiary undertaking of BI Group Plc. The results of the Company are consolidated in the financial statements of BI Group Plc, a company registered in the United Kingdom and also the financial statements of the ultimate parent company, National Industries Group Holding - KSPC incorporated in Kuwait. These are respectively the smallest and largest group accounts which include the results of the company. Copies of the financial statements of National Industries Group Holding - KPSC are available from PO Box 417, 13005 Safat, Kuwait.

**29. First time adoption of FRS 101**

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

Under previous UK GAAP the Company recognised goodwill arising on previous acquisitions. On transition to FRS 101 this goodwill has been reclassified to an intangible asset relating to customer relationships acquired.